

SENATE BILL 1714  
By Atchley

AN ACT to amend Tennessee Code Annotated, Title 27, Chapter 8, relative to insurance benefits for public sector employees and retirees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-27-102, is amended by adding the words "and proposals" immediately following the first occasion that the word "bids" appears in the first sentence of subsection (a) and by adding the words "and to enter into contracts with" immediately after the first occasion the word "from" appears in the first sentence of subsection (a).

SECTION 2. Tennessee Code Annotated, Section 8-27-301, is amended by adding a new subsection (b) which shall read as follows:

(b) The local education insurance committee has the authority to obtain competitive bids and proposals, as it deems appropriate, from and to enter into contracts with insurance companies, claims administrators or other organizations for some or all of the benefits or services required under this chapter.

and renumbering the existing subsections appropriately.

SECTION 3. Tennessee Code Annotated, Section 8-27-207, is amended by adding a new subsection (d) which shall read as follows:

(d) The local government insurance committee has the authority to obtain competitive bids and proposals, as it deems appropriate, from and to enter

**\*90590263\***

90590263

**\*003130\***

\*00313019\*

into contracts with insurance companies, claims administrators or other organizations for some or all of the benefits or services required under this chapter.

SECTION 4. Tennessee Code Annotated, Section 8-27-103, is deleted in its entirety.

SECTION 5. Tennessee Code Annotated, Sections 8-27-205 and 8-27-206, are deleted in their entireties and a new Section 8-27-205 substituted, as follows:

Section 8-27-205. The committee established in 8-27-101, may establish a group insurance plan or plans, as it deems necessary and reasonable, for the benefit of retired state employees and retired employees of the University of Tennessee and the state university and community college system. Such plans may be made available to retired employees who are drawing benefits through the consolidated retirement system and to retired employees of the University of Tennessee and the state university and community system who are drawing benefits through the consolidated retirement system or any other retirement plan as a result of their employment with the University of Tennessee or the state university and community system. The committee may, at its discretion, determine the benefits package, administrative procedures, eligibility provision and rules relating to the group insurance plans.

SECTION 6. Tennessee Code Annotated, Section 8-27-101, is amended by adding a new subdivision to subsection (b) which shall read as follows:

(3) In the event of the death or resignation of a state employee committee member, a state employee selected in accordance with subdivision (b)(1) of this section shall be replaced by the state employee receiving the next highest number of votes in the election process established pursuant to subdivision (b)(1) of this section and the higher education employee shall be replaced under the provisions of item (b)(2) of this section.

SECTION 7. Tennessee Code Annotated, Section 8-27-701, is amended by deleting the language of subsection (a) and substituting in lieu thereof:

(a) The state insurance committee, in cooperation with the local education and local government insurance committees shall provide such supplemental medical insurance as the committee deems necessary and reasonable for retired state employees and teachers who are covered by Medicare benefits. The committee may also establish provisions for participation in Medicare health maintenance organization certified by the Health Care Financing Administration for such retirees and may establish such optional coverages as it deems necessary and reasonable.

SECTION 8. Tennessee Code Annotated, Section 8-27-201, is amended by adding a new subdivision to subsection (a) which shall read:

(5) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the state insurance committee is authorized to enter into self insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the department of commerce and insurance.

SECTION 9. Tennessee Code Annotated, Section 8-27-301, is amended by adding a new subsection (c) which shall read as follows:

(c) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the local education insurance committee is authorized to enter into self insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has

been issued a certificate of authority by the department of commerce and insurance.

and renumbering the existing subsections appropriately.

SECTION 10. Tennessee Code Annotated, Section 8-27-207, is amended by adding a new subsection which shall read as follows:

(i) The provisions of Tennessee Code Annotated, Title 56, not to the contrary, the local government insurance committee is authorized to enter into self insured contracts with health maintenance organizations established pursuant to Title 56, Chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the department of commerce and insurance.

SECTION 11. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 12. This act shall take effect upon becoming law, the public welfare requiring it.